

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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LOLC (Cambodia) Plc.

STATEMENT BY BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting the condensed interim financial information of LOLC (Cambodia) Plc. (“the Company”) for the six-month period ended 30 June 2020.

BOARD OF DIRECTORS

The Board of Directors of the Company during the period and up to the date of this report are:

- | | |
|--|----------|
| 1. Mr. Brindley Chrishantha Gajanayake de Zylva | Chairman |
| 2. Mr. Indrajith Wijesiriwardana | Member |
| 3. Mr. Hans Michael Theodor Moormann | Member |
| 4. Mr. Dulip Rasika Samaraweera | Member |
| 5. Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias | Member |

In the opinion of the Board of Directors, the condensed interim financial information of the Company is prepared, in all material respects, the financial position of the Company as at 30 June 2020 and its financial performance for the three-month and six-month periods then ended, changes in equity and cash flows of the Company for the six-month period then ended, in accordance with Cambodian International Accounting Standard 34, “Interim Financial Reporting”.

On behalf of the Board of Directors



Mr. Sok Voeun
Chief Executive Officer

14 AUG 2020



Report on review of condensed interim financial information

To the Shareholders of LOLC (Cambodia) Plc.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of LOLC (Cambodia) Plc. ("the Company") as at 30 June 2020, the related condensed interim statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, the related condensed interim statements of changes in equity and cash flows for the six-month period then ended and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

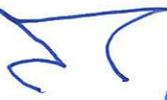
We draw attention to Note 32 to the condensed interim financial information, which describes the adjustments of prior period balances related to overstatement of impairment loss on loans and advances and overstatement of income tax expenses. Our conclusion is not modified in respect of this matter.



Other matter

The condensed interim financial information of the Company for the six-month period ended 30 June 2019 was reviewed by another firm of auditors whose report, dated 29 November 2019, expressed an unmodified conclusion on this condensed interim financial information.

For PricewaterhouseCoopers (Cambodia) Ltd.




By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia
14 August 2020

LOLC (CAMBODIA) PLC.
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

		30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Notes	KHR'000	KHR'000	US\$	US\$
ASSETS					
Cash on hand	6	113,487,042	105,185,581	27,727,105	25,812,413
Deposits and placements with the central bank	7	736,933,809	570,920,007	180,047,351	140,103,069
Deposits and placements with banks	8	207,310,478	77,291,436	50,650,007	18,967,224
Financial assets at fair value through other comprehensive income		61,395	61,125	15,000	15,000
Loans and advances at amortised cost	9	3,245,052,063	3,115,481,925	792,829,725	764,535,442
Statutory deposits with the central bank	10	217,255,244	187,099,453	53,079,708	45,913,976
Property and equipment	11	7,359,357	7,841,251	1,798,035	1,924,233
Right-of-use assets	12	18,114,395	19,667,508	4,425,701	4,826,382
Intangible assets	13	5,000,035	5,100,225	1,221,606	1,251,589
Deferred tax assets	14	16,908,633	9,127,261	4,131,110	2,239,819
Other assets	15	14,888,313	15,331,602	3,637,505	3,762,356
TOTAL ASSETS		4,582,370,764	4,113,107,374	1,119,562,853	1,009,351,503
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	16	2,340,436,332	1,864,970,492	571,814,398	457,661,470
Borrowings	17	1,337,368,460	1,426,459,591	326,745,286	350,051,433
Subordinated debts	18	114,578,482	120,587,586	27,993,765	29,592,046
Debt securities	19	81,978,859	81,755,899	20,029,040	20,062,797
Lease liabilities	12	17,400,208	18,602,031	4,251,211	4,564,916
Current income tax liabilities		28,143,465	13,621,187	6,875,999	3,342,623
Employee benefits	20	2,771,869	2,850,672	677,222	699,551
Other liabilities	21	20,550,579	30,852,745	5,020,909	7,571,226
TOTAL LIABILITIES		3,943,228,254	3,559,700,203	963,407,830	873,546,062
EQUITY					
Share capital		224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		203,831,427	107,919,896	50,271,445	26,740,647
General reserves		210,415,116	210,415,116	51,979,374	51,979,374
Regulatory reserves	22	518,567	10,694,759	148,617	2,645,229
Other reserves		-	-	(1,705,263)	(1,020,659)
TOTAL EQUITY		639,142,510	553,407,171	156,155,023	135,805,441
TOTAL LIABILITIES AND EQUITY		4,582,370,764	4,113,107,374	1,119,562,853	1,009,351,503

The accompanying notes on pages 7 to 39 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2020

Notes	Three-month period ended				Six-month period ended				
	30 June 2020 KHR'000	30 June 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 June 2020 US\$	30 June 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 June 2020 KHR'000	30 June 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 June 2020 US\$	30 June 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	
Interest income	23	150,793,643	113,870,477	36,895,924	28,095,356	305,956,846	211,909,149	75,063,014	52,582,915
Interest expense	23	(70,229,814)	(56,492,712)	(17,183,708)	(13,938,493)	(137,873,387)	(91,954,076)	(33,825,659)	(22,817,389)
Net interest income	23	<u>80,563,829</u>	<u>57,377,765</u>	<u>19,712,216</u>	<u>14,156,863</u>	<u>168,083,459</u>	<u>119,955,073</u>	<u>41,237,355</u>	<u>29,765,526</u>
Fee and commission income	24	14,328,145	15,332,056	3,505,785	3,782,891	34,040,038	29,350,008	8,351,334	7,282,880
Fee and commission expense	24	79,542	(356,906)	19,462	(88,060)	(312,760)	(657,298)	(76,732)	(163,101)
Net fee and commission income	24	<u>14,407,687</u>	<u>14,975,150</u>	<u>3,525,247</u>	<u>3,694,831</u>	<u>33,727,278</u>	<u>28,692,710</u>	<u>8,274,602</u>	<u>7,119,779</u>
Other operating income		1,736,397	1,144,610	424,859	282,411	2,645,478	2,335,063	649,038	579,420
Other losses – net		2,220,733	949,820	543,365	234,350	(1,100,726)	907,328	(270,051)	225,143
Total other operating income		<u>3,957,130</u>	<u>2,094,430</u>	<u>968,224</u>	<u>516,761</u>	<u>1,544,752</u>	<u>3,242,391</u>	<u>378,987</u>	<u>804,563</u>
Credit impairment losses	25	828,263	(2,491,742)	202,658	(614,790)	(17,131,568)	(6,950,952)	(4,203,034)	(1,724,802)
Net other operating income/(loss)		<u>4,785,393</u>	<u>(397,312)</u>	<u>1,170,882</u>	<u>(98,029)</u>	<u>(15,586,816)</u>	<u>(3,708,561)</u>	<u>(3,824,047)</u>	<u>(920,239)</u>
Personnel expenses	26	(28,106,552)	(23,971,200)	(6,877,062)	(5,914,434)	(55,184,125)	(45,304,846)	(13,538,794)	(11,241,897)
Depreciation and amortisation charges		(2,690,016)	(2,532,751)	(658,188)	(624,908)	(5,341,261)	(4,872,928)	(1,310,417)	(1,209,163)
Other operating expenses	27	(9,148,568)	(8,793,459)	(2,238,456)	(2,169,617)	(19,292,184)	(16,181,358)	(4,733,117)	(4,015,225)
Profit before income tax		<u>59,811,773</u>	<u>36,658,193</u>	<u>14,634,639</u>	<u>9,044,706</u>	<u>106,406,351</u>	<u>78,580,090</u>	<u>26,105,582</u>	<u>19,498,781</u>
Income tax expense	28	(12,043,789)	(3,410,399)	(2,946,853)	(841,451)	(20,671,012)	(7,441,380)	(5,071,396)	(1,846,496)
Profit for the period		<u>47,767,984</u>	<u>33,247,794</u>	<u>11,687,786</u>	<u>8,203,255</u>	<u>85,735,339</u>	<u>71,138,710</u>	<u>21,034,186</u>	<u>17,652,285</u>
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>									
Currency translation differences		-	-	(848,367)	(1,161,242)	-	-	(684,604)	(1,162,071)
Other comprehensive income for the period, net of tax		-	-	(848,367)	(1,161,242)	-	-	(684,604)	(1,162,071)
Total comprehensive income for the period		<u>47,767,984</u>	<u>33,247,794</u>	<u>10,839,419</u>	<u>7,042,013</u>	<u>85,735,339</u>	<u>71,138,710</u>	<u>20,349,582</u>	<u>16,490,214</u>
Profit attributable to:									
Owners of the Company		<u>47,767,984</u>	<u>33,247,794</u>	<u>11,687,786</u>	<u>8,203,255</u>	<u>85,735,339</u>	<u>71,138,710</u>	<u>21,034,186</u>	<u>17,652,285</u>
Total comprehensive income attributable to:									
Owners of the Company		<u>47,767,984</u>	<u>33,247,794</u>	<u>10,839,419</u>	<u>7,042,013</u>	<u>85,735,339</u>	<u>71,138,710</u>	<u>20,349,582</u>	<u>16,490,214</u>

The accompanying notes on pages 7 to 39 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Attributable to owners of the Company													
	Share capital KHR'000	Retained earnings KHR'000	General reserves KHR'000	Advance capital contribution KHR'000	Regulatory reserves KHR'000	Other reserves KHR'000	Total KHR'000	Share capital US\$	Retained earnings US\$	General reserves US\$	Advance capital contribution US\$	Regulatory reserves US\$	Other reserve US\$	Total US\$
Balance at 1 January 2019	120,000,000	66,497,044	110,415,116	20,846,600	8,384,769	-	326,143,529	29,701,373	16,517,832	27,300,203	5,153,671	2,075,142	422,393	81,170,614
Profit for the period <i>(Restated)</i>	-	71,138,710	-	-	-	-	71,138,710	-	17,652,285	-	-	-	-	17,652,285
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(1,162,071)	(1,162,071)
Total comprehensive income the period	-	71,138,710	-	-	-	-	71,138,710	-	17,652,285	-	-	-	(1,162,071)	16,490,214
Transactions with owners in their capacity as owners:														
Issue of share capital	-	-	-	21,640,400	-	-	21,640,400	-	-	-	5,369,826	-	-	5,369,826
Transfer to share capital	20,846,600	-	-	(20,846,600)	-	-	-	5,172,854	-	-	(5,172,854)	-	-	-
Transfer to regulatory reserves	-	(2,575,808)	-	-	2,575,808	-	-	-	(639,158)	-	-	639,158	-	-
Total transactions with owners in their capacity as owners:	20,846,600	(2,575,808)	-	793,800	2,575,808	-	21,640,400	5,172,854	(639,158)	-	196,972	639,158	-	5,369,826
Balance at 30 June 2019 <i>(Restated)</i>	<u>140,846,600</u>	<u>135,059,946</u>	<u>110,415,116</u>	<u>21,640,400</u>	<u>10,960,577</u>	<u>-</u>	<u>418,922,639</u>	<u>34,874,227</u>	<u>33,530,959</u>	<u>27,300,203</u>	<u>5,350,643</u>	<u>2,714,300</u>	<u>(739,678)</u>	<u>103,030,654</u>
Balance at 1 January 2020	224,377,400	107,919,896	210,415,116	-	10,694,759	-	553,407,171	55,460,850	26,740,647	51,979,374	-	2,645,229	(1,020,659)	135,805,441
Profit for the period	-	85,735,339	-	-	-	-	85,735,339	-	21,034,186	-	-	-	-	21,034,186
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(684,604)	(684,604)
Total comprehensive income for the period	-	85,735,339	-	-	-	-	85,735,339	-	21,034,186	-	-	-	(684,604)	20,349,582
Transactions with owners in their capacity as owners:														
Transfer to regulatory reserves	-	10,176,192	-	-	(10,176,192)	-	-	-	2,496,612	-	-	(2,496,612)	-	-
Total transactions with owners	-	10,176,192	-	-	(10,176,192)	-	-	-	2,496,612	-	-	(2,496,612)	-	-
Balance at 30 June 2020	<u>224,377,400</u>	<u>203,831,427</u>	<u>210,415,116</u>	<u>-</u>	<u>518,567</u>	<u>-</u>	<u>639,142,510</u>	<u>55,460,850</u>	<u>50,271,445</u>	<u>51,979,374</u>	<u>-</u>	<u>148,617</u>	<u>(1,705,263)</u>	<u>156,155,023</u>

The accompanying notes on pages 7 to 39 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.
**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

	Notes	Six-month period ended			
		30 June 2020 KHR'000	30 June 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 June 2020 US\$	30 June 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>
Cash flows from operating activities					
Cash used in operations	29	246,150,497	(180,927,877)	60,390,210	(44,895,256)
Interest received		304,201,902	215,198,647	74,632,459	53,399,168
Interest paid		(128,261,175)	(81,310,101)	(31,467,413)	(20,176,204)
Income tax paid		(13,930,106)	(23,750,443)	(3,417,592)	(5,893,410)
Employee benefits paid		(3,052,979)	-	(749,013)	-
Cash generated from/(used in) operating activities		405,108,139	(70,789,774)	99,388,651	(17,565,702)
Cash flows from investing activities					
Capital guarantee deposits		-	(2,084,660)	-	(517,285)
Deposits and placements with the central bank - maturity more than three months		(406,083)	-	(99,628)	-
Purchases of property and equipment	11	(1,704,432)	(4,238,785)	(418,163)	(1,051,808)
Purchases of intangible assets	13	(177,136)	(238,575)	(43,458)	(59,200)
Proceeds from disposals of property and equipment		66,083	14,280	16,213	3,543
Cash used in investing activities		(2,221,568)	(6,547,740)	(545,036)	(1,624,750)
Cash flows from financing activities					
Proceeds from issuance of share capital		-	42,487,000	-	10,542,680
Advance capital contribution		-	(20,846,600)	-	(5,172,854)
Proceeds from borrowings		184,312,490	315,749,218	45,218,962	78,349,682
Repayments of borrowings		(271,698,720)	(151,094,176)	(66,658,175)	(37,492,351)
Proceeds from subordinated debts		-	4,080,400	-	1,012,506
Repayments of subordinated debts		(6,512,000)	(6,448,000)	(1,597,645)	(1,600,000)
Proceeds from issuance of corporate bonds		-	80,000,000	-	19,851,117
Principal element of lease payment		(2,368,114)	(3,408,556)	(580,990)	(845,796)
Cash (used in)/generated from financing activities		(96,266,344)	260,519,286	(23,617,848)	64,644,984
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of period		306,620,227	183,181,772	75,225,767	45,454,532
Currency translation differences		752,231,266	369,337,050	184,551,341	91,646,911
		-	-	(1,078,967)	(1,213,882)
Cash and cash equivalents at end of period		1,058,851,493	552,518,822	258,698,141	135,887,561

The accompanying notes on pages 7 to 39 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

NOTESTO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

1. GENERAL INFORMATION

LOLC (Cambodia) Plc. (formerly known as Thaneakea Phum (Cambodia) Ltd.) (“the Company”), a licensed micro-finance institution, incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MoC”) as a public limited company under the registration number Co. 1413 E/2002, dated 23 May 2002 and changed to the new registration number 00012829 dated 28 September 2015. After a change in the shareholding structure in September 2014, the Company became a subsidiary of LOLC Micro Investments Ltd., a company incorporated in Sri Lanka. The ultimate parent is LOLC Holdings PLC (previously known as Lanka ORIX Leasing Company PLC), a company incorporated in Sri Lanka and listed on the Colombo Stock Exchange.

On 11 September 2015, the Company obtained a Micro-finance Deposit Taking Institution (“MDI”) license to conduct deposit taking business from the National Bank of Cambodia (“NBC” or “the central bank”).

On 16 September 2017, LOLC Micro investments Ltd. and DWM Investment Asia Ltd, transferred/sold all their shareholding of 96.97% to LOLC Private Limited which was approved by NBC on 28 November 2017. NBC approved for the change in ownership on 14 March 2018 and endorsed by the MoC on 25 June 2018.

The principal activity of the Company is to provide micro-finance services (deposit-taking and lending) to the rural population, micro-enterprises and small and medium enterprises through its head office in Phnom Penh and its various branches in the Kingdom of Cambodia. Its corporate objective is to provide reliable and affordable access to financial services to micro-entrepreneurs and small and medium enterprises.

The Company has 79 office locations (78 branches and a head office in Phnom Penh). The Company’s registered office is at Building No. 666B, Street 271, Sangkat Boeung Tumpun 2, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia.

The condensed interim financial information was authorised to issue by the Board of Directors on 14 August 2020.

This condensed interim financial information for the six-month period ended 30 June 2020 has been reviewed, but not audited.

2. BASIS OF PREPARATION

This condensed interim financial information for the six-month period ended 30 June 2020 has been prepared in accordance with Cambodian International Accounting Standard 34 - Interim financial reporting (“CIAS 34”).

This condensed interim financial information does not include all the notes of the type normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements for the year ended 31 December 2019, which have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

LOLC (CAMBODIA) PLC.

NOTESTO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

2. BASIS OF PREPARATION (continued)

New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period. Those standards and amendments have no impact as a result the Company did not have to change its accounting policies or make retrospective adjustments.

COVID-19 Related Rent Concessions – Amendments to CIFRS 16

As a result of the novel coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to CIFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The Company does not have any rent concession during the period so the amendment has no impact on the condensed interim financial information.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Impact on impairment charge from COVID-19

The COVID-19 declared as pandemic has spread into Cambodia since late January 2020. Due to the rapidly unfolding COVID-19 pandemic, the country economy is experiencing an economic downturn, and a prolonged downturn could potentially have an impact on the quality of the financial assets including loans and advances. The COVID-19 impact on credit risk could be more severe and immediate in various sectors. To consider the effect of COVID-19 pandemic on the Company's loans and advances, the managements continuously refresh the macroeconomic variables quarterly to reflect the current economic condition in its forward-looking model. For the six-month period ended 30 June 2020, the management has refreshed the latest macroeconomics variables available which were up to 30 June 2020. The managements believe that the adjustment will reflect the most recent economic condition. The longevity of COVID-19 pandemic has also led to uncertain economic environment which may results in higher credit impairment expenses. As a result, the managements have adjusted the Company's probability weighted percentage in the probability weighted forward looking Probability of Default ("PD") to give a heavier weight to the worst case scenario and a lighter weight to the best case scenario while keeping the base percentage the same.

The table below show the scenario probability weighted percentage as at 31 Dec 2019 (before COVID-19 pandemic) and as at 30 June 2020 (after COVID-19 pandemic).

Scenario probability weighting

	Base %	Best %	Worst %
As at 30 June 2020			
Scenario probability weighting	60%	15%	25%

LOLC (CAMBODIA) PLC.

NOTESTO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD (continued)

Scenario probability weighting (continued)

As at 31 December 2019	Base %	Best %	Worst %
Scenario probability weighting	60%	20%	20%

In the light of COVID-19 pandemic, the central bank has issued a circular on loan restructuring during COVID-19 which encourages financial institutions to provide loan restructuring to borrowers in priority sectors that are heavily affected by the pandemic. The Company has restructured loans for borrowers who are having financial difficulties. As a result, the Company has downgraded the staging of the borrowers which resulted in higher credit impairment expenses being recognised during the period.

Other than additional impairment loss recognised, management considers that the Company's activities may be slow in this short period but would not lead to a going concern issue given the size of the operations, current profitability level and liquidity headroom of the Company.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period are outlined below:

i) Measurement of expected credit loss allowance

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from credit commitments. The measurement of ECL allowance reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Management noted the impact of COVID-19 pandemic on its assessment of the ECL allowance on its financial assets including the restructured loans resulted from the impact of COVID-19 pandemic, and management has made specific to the allowance for impairment for the reporting period.

ii) Functional currency

The management considers the KHR currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The critical factors which trigger the KHR being the functional currency include the currency that is regulated for loans to customers to certain extent by the central bank, staff costs, the source of equity funding in which the Company receives share subscriptions from and the distribution of dividends to its shareholders.

The other significant estimates, assumptions and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual audited financial statements for the year ended 31 December 2019.

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5. SEGMENT REVENUE AND INFORMATION

The Company has only one reportable segment, namely, interest income. The chief operating decision-maker (“the management team”) reviews the internal management report, which reports the performances of the interest income segment as a whole, to assess performance and allocate resources. The management team also reviews profit before tax and net profit as a whole compared to prior periods.

6. CASH ON HAND

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>Current:</i>				
Khmer Riel	15,610,845	20,383,956	3,814,035	5,002,198
US Dollars	88,207,321	81,937,814	21,550,775	20,107,439
Thai Baht	9,668,876	2,863,811	2,362,295	702,776
	<u>113,487,042</u>	<u>105,185,581</u>	<u>27,727,105</u>	<u>25,812,413</u>

7. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>Current:</i>				
Settlement accounts	7,723,524	2,677,807	1,887,008	657,131
Current accounts	728,604,021	568,042,019	178,012,221	139,396,814
Negotiable certificate of deposits	606,264	200,181	148,122	49,124
	<u>736,933,809</u>	<u>570,920,007</u>	<u>180,047,351</u>	<u>140,103,069</u>

The Company has pledged negotiable certificate of deposits amounting to KHR 400,000 thousand (31 December 2019: KHR 200,000 thousand) with the central bank as collateral for settlement clearing accounts.

Annual interest rates of deposits and placements with the central bank are as follows:

	30 June 2020	31 December 2019
Settlement accounts	0.00%	0.00%
Current accounts	0.00%	0.00%
Negotiable certificates of deposits	0.61%	0.61%

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8. DEPOSITS AND PLACEMENTS WITH BANKS

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Current - deposits and placements with local banks:				
Savings deposits	104,028,696	41,598,705	25,416,246	10,208,271
Current accounts	105,008,210	36,473,452	25,655,561	8,950,541
	<u>209,036,906</u>	<u>78,072,157</u>	<u>51,071,807</u>	<u>19,158,812</u>
Less: Allowance for expected credit loss	<u>(1,726,428)</u>	<u>(780,721)</u>	<u>(421,800)</u>	<u>(191,588)</u>
	<u>207,310,478</u>	<u>77,291,436</u>	<u>50,650,007</u>	<u>18,967,224</u>

Annual interest rates of deposits and placements with banks are as follows:

	30 June 2020	31 December 2019
Savings deposits	0% – 2.00%	0% – 2.00%
Current accounts	0% – 1.75%	0% – 1.75%

9. LOANS AND ADVANCES

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>At amortised cost</i>				
Group loans:				
Fixed term	11,232,949	17,609,593	2,744,428	4,321,373
End of cycle	373,069,404	329,854,709	91,148,156	80,945,941
	<u>384,302,353</u>	<u>347,464,302</u>	<u>93,892,584</u>	<u>85,267,314</u>
Individual loans:				
Fixed term	2,601,623,024	2,495,764,137	635,627,420	612,457,457
End of cycle	286,900,919	282,940,994	70,095,509	69,433,373
	<u>2,888,523,943</u>	<u>2,778,705,131</u>	<u>705,722,929</u>	<u>681,890,830</u>
Staff loans	<u>21,294,565</u>	<u>20,603,698</u>	<u>5,202,679</u>	<u>5,056,122</u>
Total gross loans	<u>3,294,120,861</u>	<u>3,146,773,131</u>	<u>804,818,192</u>	<u>772,214,266</u>
Less: Allowance for expected credit loss	<u>(49,068,798)</u>	<u>(31,291,206)</u>	<u>(11,988,467)</u>	<u>(7,678,824)</u>
Total net loans	<u>3,245,052,063</u>	<u>3,115,481,925</u>	<u>792,829,725</u>	<u>764,535,442</u>

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9. LOANS AND ADVANCES (continued)

(a) Analysis by loan classification

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>Performing</i>				
Gross amount	2,421,618,281	3,127,350,043	591,648,737	767,447,864
Exposure at default	2,421,618,281	3,127,350,043	591,648,737	767,447,864
Allowance for expected credit loss	(24,868,303)	(24,377,268)	(6,075,813)	(5,982,152)
<i>Under-performing</i>				
Gross amount	842,745,727	3,646,766	205,899,274	894,912
Exposure at default	842,745,727	3,646,766	205,899,274	894,912
Allowance for expected credit loss	(10,245,707)	(552,581)	(2,503,227)	(135,603)
<i>Non-performing</i>				
Gross amount	29,756,853	15,776,322	7,270,181	3,871,490
Exposure at default	29,756,853	15,776,322	7,270,181	3,871,490
Allowance for expected credit loss	(13,954,788)	(6,361,357)	(3,409,427)	(1,561,069)
Total gross loans	<u>3,294,120,861</u>	<u>3,146,773,131</u>	<u>804,818,192</u>	<u>772,214,266</u>
Exposure at default	<u>3,294,120,861</u>	<u>3,146,773,131</u>	<u>804,818,192</u>	<u>772,214,266</u>
Allowance for expected credit loss	<u>(49,068,798)</u>	<u>(31,291,206)</u>	<u>(11,988,467)</u>	<u>(7,678,824)</u>

(b) Analysis by industry

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Trade and commerce	562,118,131	493,234,369	137,336,460	121,039,109
Services	532,458,433	420,091,494	130,090,015	103,089,937
Manufacturing	33,009,328	16,353,875	8,064,825	4,013,221
Transportation	16,777,687	36,750,608	4,099,117	9,018,554
Agriculture	900,176,959	1,075,119,979	219,930,848	263,833,125
Construction	119,363,689	297,546,619	29,162,885	73,017,575
Household/family	1,128,412,840	798,344,204	275,693,340	195,912,688
Others	1,803,794	9,331,983	440,702	2,290,057
Total gross loans	<u>3,294,120,861</u>	<u>3,146,773,131</u>	<u>804,818,192</u>	<u>772,214,266</u>

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9. LOANS AND ADVANCES (continued)

(c) Analysis by maturity

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Not later than 1 year	219,171,332	217,135,654	53,547,846	53,284,823
Later than 1 year and no later than 3 years	1,166,826,621	1,123,912,583	285,078,578	275,806,769
Later than 3 years and no later than 5 years	1,704,599,478	1,682,330,381	416,467,011	412,841,811
Later than 5 years	<u>203,523,430</u>	<u>123,394,513</u>	<u>49,724,757</u>	<u>30,280,863</u>
Total gross loans	<u><u>3,294,120,861</u></u>	<u><u>3,146,773,131</u></u>	<u><u>804,818,192</u></u>	<u><u>772,214,266</u></u>

(d) Analysis by relationship

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Related parties (including staff loans)	21,294,565	17,596,880	5,202,679	4,318,253
Non-related parties	<u>3,272,826,296</u>	<u>3,129,176,251</u>	<u>799,615,513</u>	<u>767,896,013</u>
Total gross loans	<u><u>3,294,120,861</u></u>	<u><u>3,146,773,131</u></u>	<u><u>804,818,192</u></u>	<u><u>772,214,266</u></u>

(e) Analysis by residency

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Residents	3,294,120,861	3,146,773,131	804,818,192	772,214,266
Non-residents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total gross loans	<u><u>3,294,120,861</u></u>	<u><u>3,146,773,131</u></u>	<u><u>804,818,192</u></u>	<u><u>772,214,266</u></u>

(f) Interest rates

These loans and advances to customers earn annual interest rates as below:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Short term loans	11.00% – 18.00%	11.00% – 18.00%
Long term loans	9.48% – 18.00%	9.87% – 18.00%

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9. LOANS AND ADVANCES (continued)

(g) Allowance for expected credit loss

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
12-month ECL (Stage 1)	24,868,303	24,377,268	6,075,813	5,982,152
Lifetime ECL-not credit impaired (Stage 2)	10,245,707	552,581	2,503,227	135,603
Lifetime ECL-credit impaired (Stage 3)	13,954,788	6,361,357	3,409,427	1,561,069
	<u>49,068,798</u>	<u>31,291,206</u>	<u>11,988,467</u>	<u>7,678,824</u>

(h) Expected credit loss reconciliation – loans and advances

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2020	24,377,268	552,581	6,361,357	31,291,206
<i>Changes due to exposure:</i>				
Transfer to stage 1	51,861	(13,322)	(38,539)	-
Transfer to stage 2	(5,329,565)	5,411,966	(82,401)	-
Transfer to stage 3	(307,509)	(420,272)	727,781	-
Net remeasurement of loss allowance (*)	(478,937)	2,944,541	5,601,022	8,066,626
New financial assets originated or purchased	9,438,248	1,773,685	146,965	11,358,898
Financial assets derecognised during the period other than write off	(3,021,364)	(60,452)	(152,982)	(3,234,798)
Unwinding of discount	-	-	1,313,707	1,313,707
Foreign exchange differences	138,301	56,980	77,878	273,159
Loss allowance as at 30 June 2020	<u>24,868,303</u>	<u>10,245,707</u>	<u>13,954,788</u>	<u>49,068,798</u>
<i>In US\$ equivalent</i>	<u>6,075,813</u>	<u>2,503,227</u>	<u>3,409,427</u>	<u>11,988,467</u>

(*) Impact of the measurement of ECL due to changes in exposure at default (“EAD”) and probability of default (“PD”) during the period arising from refreshing of inputs to models from the impact of COVID-19 pandemic on the macroeconomic forecasts.

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9. LOANS AND ADVANCES (continued)

(h) Expected credit loss reconciliation – loans and advances (continued)

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	KHR'000
	KHR'000	KHR'000	KHR'000	KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2020	3,127,350,043	3,646,766	15,776,322	3,146,773,131
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	190,111	(104,003)	(86,108)	-
Transfer to stage 2	(758,129,038)	758,399,340	(270,302)	-
Transfer to stage 3	(9,122,514)	(2,776,706)	11,899,220	-
New financial assets originated or purchased	482,968,656	83,919,370	2,850,644	569,738,670
Financial assets derecognised during the period other than write off	(421,638,977)	(339,040)	(412,923)	(422,390,940)
Gross carrying amount as at 30 June 2020	<u>2,421,618,281</u>	<u>842,745,727</u>	<u>29,756,853</u>	<u>3,294,120,861</u>
<i>In US\$ equivalent</i>	<u>591,648,737</u>	<u>205,899,274</u>	<u>7,270,181</u>	<u>804,818,192</u>
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	KHR'000
	KHR'000	KHR'000	KHR'000	KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2019	14,482,901	438,766	6,774,028	21,695,695
<i>Changes due to exposure:</i>				
Transfer to stage 1	70,866	(39,011)	(31,855)	-
Transfer to stage 2	(66,421)	95,229	(28,808)	-
Transfer to stage 3	(258,971)	(322,996)	581,967	-
Net remeasurement of loss allowance	(2,412,074)	347,093	1,564,398	(500,583)
New financial assets originated or purchased	11,029,153	46,933	3,874	11,079,960
Financial assets derecognised during the period other than write off	(3,287,976)	(50,032)	(364,138)	(3,702,146)
Foreign exchange differences	365,195	9,701	164,539	539,435
Loss allowance as at 30 June 2019	<u>19,922,673</u>	<u>525,683</u>	<u>8,664,005</u>	<u>29,112,361</u>
<i>In US\$ equivalent</i>	<u>4,899,821</u>	<u>129,288</u>	<u>2,130,842</u>	<u>7,159,951</u>

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9. LOANS AND ADVANCES (continued)

(h) Expected credit loss reconciliation – loans and advances (continued)

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2019	1,925,376,214	2,666,446	16,047,786	1,944,090,446
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	373,082	(266,960)	(106,122)	-
Transfer to stage 2	(2,936,648)	3,022,998	(86,350)	-
Transfer to stage 3	(4,331,398)	(1,869,688)	6,201,086	-
New financial assets originated or purchased	1,039,395,185	(28,403)	(970,820)	1,038,395,962
Financial assets derecognised during the period other than write off	(459,373,118)	(327,917)	(1,006,058)	(460,707,093)
Gross carrying amount as at 30 June 2019	<u>2,498,503,317</u>	<u>3,196,476</u>	<u>20,079,522</u>	<u>2,521,779,315</u>
<i>In US\$ equivalent</i>	<u>614,486,797</u>	<u>786,148</u>	<u>4,938,397</u>	<u>620,211,342</u>

10. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>Current</i>				
Reserve requirement	194,817,504	164,661,713	47,597,729	40,407,782
<i>Non-current</i>				
Capital guarantee deposits	22,437,740	22,437,740	5,481,979	5,506,194
	<u>217,255,244</u>	<u>187,099,453</u>	<u>53,079,708</u>	<u>45,913,976</u>

Annual interest rates of statutory deposits with the central bank are as follows:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Reserve requirement	0.00%	0.00%
Capital guarantee	3.00%	3.00%

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11. PROPERTY AND EQUIPMENT

	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvement KHR'000	Total KHR'000
As at 31 December 2019					
Cost	3,801,978	13,168,697	11,514,920	1,600,256	30,085,851
Accumulated depreciation	(2,708,606)	(11,680,536)	(7,106,314)	(749,144)	(22,244,600)
Net book amount	<u>1,093,372</u>	<u>1,488,161</u>	<u>4,408,606</u>	<u>851,112</u>	<u>7,841,251</u>
<i>In US\$ equivalents</i>	<u>268,312</u>	<u>365,193</u>	<u>1,081,867</u>	<u>208,861</u>	<u>1,924,233</u>
Six-month period ended 30 June 2020					
Opening net book amount	1,093,372	1,488,161	4,408,606	851,112	7,841,251
Additions	310,388	589,019	777,323	27,702	1,704,432
Disposals	(800)	-	(360)	-	(1,160)
Depreciation charge	(273,867)	(398,142)	(1,393,709)	(119,448)	(2,185,166)
Closing net book amount	<u>1,129,093</u>	<u>1,679,038</u>	<u>3,791,860</u>	<u>759,366</u>	<u>7,359,357</u>
At 30 June 2020					
Cost	4,111,566	13,757,716	12,291,883	1,627,958	31,789,123
Accumulated depreciation	(2,982,473)	(12,078,678)	(8,500,023)	(868,592)	(24,429,766)
Net book amount	<u>1,129,093</u>	<u>1,679,038</u>	<u>3,791,860</u>	<u>759,366</u>	<u>7,359,357</u>
<i>In US\$ equivalents</i>	<u>275,860</u>	<u>410,222</u>	<u>926,425</u>	<u>185,528</u>	<u>1,798,035</u>

12. LEASES

This note provides information for leases where the Company is a lessee.

The Company leases various buildings for its head office and branch operation. Rental contracts are typically made for fixed periods of 1 to 12 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(i) Amounts recognised in the statement of financial position

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>Right-of-use assets (Non-current)</i>				
Buildings	18,114,395	19,667,508	4,425,701	4,826,382
	<u>18,114,395</u>	<u>19,667,508</u>	<u>4,425,701</u>	<u>4,826,382</u>
<i>Lease liabilities</i>				
Current	4,110,071	4,321,097	1,004,171	1,060,392
Non-current	13,290,137	14,280,934	3,247,040	3,504,524
	<u>17,400,208</u>	<u>18,602,031</u>	<u>4,251,211</u>	<u>4,564,916</u>

Right-of-use assets' additions during the period were KHR 1,553,112,716 (2019: KHR 6,452,378).

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12. LEASES (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Restated) (Reviewed but unaudited)</i>		<i>(Restated) (Reviewed but unaudited)</i>		<i>(Restated) (Reviewed but unaudited)</i>		<i>(Restated) (Reviewed but unaudited)</i>
<i>Depreciation of right-of-use assets</i>								
Buildings	1,445,380	1,352,334	353,481	333,880	2,880,109	2,650,195	706,602	657,617
Interest expense (Note 23)	349,735	346,372	85,573	85,461	706,413	680,944	173,310	168,969
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	1,302,437	879,290	318,678	216,948	2,437,604	1,587,288	598,038	393,868
Total expenses related to leases	3,097,552	2,577,996	757,904	636,071	6,024,126	4,918,427	1,477,950	1,220,454

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13. INTANGIBLE ASSETS

	Software and license KHR'000	Work in progress KHR'000	Total KHR'000
As at 31 December 2019			
Cost	5,112,580	966,924	6,079,504
Accumulated amortisation	<u>(979,279)</u>	<u>-</u>	<u>(979,279)</u>
Net book amount	<u>4,133,301</u>	<u>966,924</u>	<u>5,100,225</u>
<i>In US\$ equivalents</i>	<u>1,014,307</u>	<u>237,282</u>	<u>1,251,589</u>
Six-month period ended 30 June 2020			
Opening net book amount	4,133,301	966,924	5,100,225
Additions	115,462	61,674	177,136
Transfer	776,837	(776,837)	-
Disposals	(1,340)	-	(1,340)
Amortisation charge	<u>(275,986)</u>	<u>-</u>	<u>(275,986)</u>
Closing net book amount	<u>4,748,274</u>	<u>251,761</u>	<u>5,000,035</u>
At 30 June 2020			
Cost	6,003,539	251,761	6,255,300
Accumulated amortisation	<u>(1,255,265)</u>	<u>-</u>	<u>(1,255,265)</u>
Net book amount	<u>4,748,274</u>	<u>251,761</u>	<u>5,000,035</u>
<i>In US\$ equivalents</i>	<u>1,160,096</u>	<u>61,510</u>	<u>1,221,606</u>

14. DEFERRED TAX ASSETS

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>Non-current</i>				
Deferred tax assets	20,531,512	9,127,261	5,016,250	2,239,819
Deferred tax liabilities	<u>(3,622,879)</u>	<u>-</u>	<u>(885,140)</u>	<u>-</u>
Net deferred tax assets	<u>16,908,633</u>	<u>9,127,261</u>	<u>4,131,110</u>	<u>2,239,819</u>

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14. DEFERRED TAX ASSETS (continued)

Deferred tax assets:

	Impairment loss KHR'000	Unamortised loan fee KHR'000	Lease liabilities KHR'000	Accelerated depreciation KHR'000	Accrued expense KHR'000	Others KHR'000	Total KHR'000
As at 1 January 2019	4,303,314	-	-	207,666	1,620,202	1,898,373	8,029,555
(Charged)/credited to profit or loss	2,316,127	-	-	(25,240)	354,792	(1,547,973)	1,097,706
As at 31 December 2019	<u>6,619,441</u>	<u>-</u>	<u>-</u>	<u>182,426</u>	<u>1,974,994</u>	<u>350,400</u>	<u>9,127,261</u>
<i>In US\$ equivalent</i>	<u>1,624,403</u>	<u>-</u>	<u>-</u>	<u>44,767</u>	<u>484,661</u>	<u>85,988</u>	<u>2,239,819</u>
As at 1 January 2020	6,619,441	-	-	182,426	1,974,994	350,400	9,127,261
(Charged)/credited to profit or loss	311,500	6,844,118	3,480,042	119,411	380,404	268,776	11,404,251
As at 30 June 2020	<u>6,930,941</u>	<u>6,844,118</u>	<u>3,480,042</u>	<u>301,837</u>	<u>2,355,398</u>	<u>619,176</u>	<u>20,531,512</u>
<i>In US\$ equivalent</i>	<u>1,693,365</u>	<u>1,672,152</u>	<u>850,242</u>	<u>73,745</u>	<u>575,470</u>	<u>151,276</u>	<u>5,016,250</u>

Deferred tax liabilities

	Right-of-use assets KHR'000	Total KHR'000
As at 1 January 2019	-	-
Charged/(credited) to profit or loss	-	-
As at 31 December 2019	<u>-</u>	<u>-</u>
<i>In US\$ equivalent</i>	<u>-</u>	<u>-</u>
As at 1 January 2020	-	-
Charged/(credited) to profit or loss	3,622,879	3,622,879
As at 30 June 2020	<u>3,622,879</u>	<u>3,622,879</u>
<i>In US\$ equivalent</i>	<u>885,140</u>	<u>885,140</u>

15. OTHER ASSETS

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Account receivables	8,633,145	8,443,974	2,109,246	2,072,141
Prepayments	2,681,489	2,805,013	655,141	688,347
Office and house rental deposits	553,752	617,192	135,292	151,458
Supplies	128,896	232,041	31,492	56,943
Others	2,891,031	3,233,382	706,334	793,467
	<u>14,888,313</u>	<u>15,331,602</u>	<u>3,637,505</u>	<u>3,762,356</u>

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15. OTHER ASSETS (continued)

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Current	14,334,561	14,714,410	3,502,213	3,610,898
Non-current	553,752	617,192	135,292	151,458
	<u>14,888,313</u>	<u>15,331,602</u>	<u>3,637,505</u>	<u>3,762,356</u>

16. DEPOSITS FROM CUSTOMERS

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Savings deposits	155,040,005	166,048,516	37,879,307	40,748,102
Fixed deposits	2,141,049,623	1,661,618,338	523,100,323	407,759,101
	<u>2,296,089,628</u>	<u>1,827,666,854</u>	<u>560,979,630</u>	<u>448,507,203</u>
Accrued interest payables	44,346,704	37,303,638	10,834,768	9,154,267
	<u>2,340,436,332</u>	<u>1,864,970,492</u>	<u>571,814,398</u>	<u>457,661,470</u>

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Current	1,407,469,220	1,304,777,502	343,872,275	320,190,798
Non-current	932,967,112	560,192,990	227,942,123	137,470,672
	<u>2,340,436,332</u>	<u>1,864,970,492</u>	<u>571,814,398</u>	<u>457,661,470</u>

Annual interest rates for deposits from customers are as follows:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Savings deposits	1.00% - 5.00%	1.00% - 5.00%
Fixed deposits	5.25% - 8.50%	5.25% - 8.50%

17. BORROWINGS

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Current borrowings				
Overdraft	-	1,746,299	-	428,540
Other current borrowings	562,582,271	484,225,441	137,449,858	118,828,328
	<u>562,582,271</u>	<u>485,971,740</u>	<u>137,449,858</u>	<u>119,256,868</u>
Non-current borrowings	774,786,189	940,487,851	189,295,428	230,794,565
	<u>1,337,368,460</u>	<u>1,426,459,591</u>	<u>326,745,286</u>	<u>350,051,433</u>

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17. BORROWINGS (continued)

During the period, the Company obtained additional borrowings of KHR 184,312,490 thousand (US\$20,895,979). The annual interest rates are ranging from 5.31% to 8.72% (2019: 5.50% to 9.88%).

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Principal amount	1,325,194,161	1,413,439,888	323,770,868	346,856,414
Interest payables	12,174,299	13,019,703	2,974,418	3,195,019
	<u>1,337,368,460</u>	<u>1,426,459,591</u>	<u>326,745,286</u>	<u>350,051,433</u>

18. SUBORDINATED DEBTS

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Current	27,649,120	6,588,480	6,755,221	1,616,805
Non-current	86,929,362	113,999,106	21,238,544	27,975,241
	<u>114,578,482</u>	<u>120,587,586</u>	<u>27,993,765</u>	<u>29,592,046</u>

The annual interest rates are ranging from 10.17% to 12.21% (2019: 10.17% to 12.21%).

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Principal amount	112,493,110	118,405,735	27,484,268	29,056,622
Interest payables	2,085,372	2,181,851	509,497	535,424
	<u>114,578,482</u>	<u>120,587,586</u>	<u>27,993,765</u>	<u>29,592,046</u>

19. DEBT SECURITIES

The Company issued bond payables on 26 April 2019 with par value in amount of KHR 80,000,000 thousand with three-year maturity period. These bonds are divided into two types as plain bond and foreign exchange-indexed bond with coupon rate of 9% and 8% per annum, respectively.

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Current	1,208,401	1,224,548	295,236	300,502
Non-current	80,770,458	80,531,351	19,733,804	19,762,295
	<u>81,978,859</u>	<u>81,755,899</u>	<u>20,029,040</u>	<u>20,062,797</u>

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19. DEBT SECURITIES (continued)

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Principal amount	80,770,458	80,531,351	19,733,804	19,762,295
Interest payables	1,208,401	1,224,548	295,236	300,502
	<u>81,978,859</u>	<u>81,755,899</u>	<u>20,029,040</u>	<u>20,062,797</u>

20. EMPLOYEE BENEFITS

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
<i>Provision on seniority payment:</i>				
Current	-	-	-	-
Non-current	2,771,869	2,850,672	677,222	699,551
	<u>2,771,869</u>	<u>2,850,672</u>	<u>677,222</u>	<u>699,551</u>

21. OTHER LIABILITIES

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Tax payables	2,113,808	2,058,690	516,445	505,200
Staff bonuses and incentives	13,852,139	22,379,018	3,384,349	5,491,784
Accrued expenses	2,144,186	1,608,425	523,867	394,706
Others	2,440,446	4,806,612	596,248	1,179,536
	<u>20,550,579</u>	<u>30,852,745</u>	<u>5,020,909</u>	<u>7,571,226</u>
	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Current	15,707,173	26,447,847	3,837,570	6,490,269
Non-current	4,843,406	4,404,898	1,183,339	1,080,957
	<u>20,550,579</u>	<u>30,852,745</u>	<u>5,020,909</u>	<u>7,571,226</u>

22. REGULATORY RESERVES

As at the reporting date, the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, so the difference is transferred from retained earnings amount KHR 10,176,192 thousand.

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23. NET INTEREST INCOME

	Three-month period ended				Six -month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
<i>Interest income from financial assets at amortised cost</i>								
Loans and advances	150,347,821	113,447,212	36,786,841	27,990,923	305,198,742	211,241,837	74,877,022	52,417,329
Deposits and placements with banks	274,734	316,279	67,221	78,036	420,661	466,314	103,204	115,711
Deposits and placements with the central bank	171,088	106,986	41,862	26,397	337,443	200,998	82,788	49,875
Total interest income	<u>150,793,643</u>	<u>113,870,477</u>	<u>36,895,924</u>	<u>28,095,356</u>	<u>305,956,846</u>	<u>211,909,149</u>	<u>75,063,014</u>	<u>52,582,915</u>
<i>Interest expense on financial liabilities at amortised cost</i>								
Deposits from customers	(37,520,718)	(22,400,969)	(9,180,503)	(5,527,009)	(72,060,465)	(40,200,421)	(17,679,211)	(9,975,291)
Borrowings	(27,699,686)	(30,371,607)	(6,777,511)	(7,493,611)	(55,592,583)	(45,423,733)	(13,639,005)	(11,271,398)
Subordinated debts	(2,965,898)	(2,162,810)	(725,691)	(533,632)	(6,150,416)	(4,438,024)	(1,508,934)	(1,101,247)
Debt securities	(1,693,777)	(1,210,954)	(414,430)	(298,780)	(3,363,510)	(1,210,954)	(825,199)	(300,484)
Lease liabilities	(349,735)	(346,372)	(85,573)	(85,461)	(706,413)	(680,944)	(173,310)	(168,969)
	<u>(70,229,814)</u>	<u>(56,492,712)</u>	<u>(17,183,708)</u>	<u>(13,938,493)</u>	<u>(137,873,387)</u>	<u>(91,954,076)</u>	<u>(33,825,659)</u>	<u>(22,817,389)</u>
Net interest income	<u>80,563,829</u>	<u>57,377,765</u>	<u>19,712,216</u>	<u>14,156,863</u>	<u>168,083,459</u>	<u>119,955,073</u>	<u>41,237,355</u>	<u>29,765,526</u>

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24. NET FEE AND COMMISSION INCOME

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Fee and commission income								
Fees and commission income								
on loans	140,482	1,041,084	34,373	256,868	1,150,881	2,287,416	282,355	567,597
Penalty income	2,068,422	1,675,171	506,098	413,316	7,319,269	3,384,923	1,795,699	839,931
Other fees	12,119,241	12,615,801	2,965,314	3,112,707	25,569,888	23,677,669	6,273,280	5,875,352
	14,328,145	15,332,056	3,505,785	3,782,891	34,040,038	29,350,008	8,351,334	7,282,880
Fee and commission expense	79,542	(356,906)	19,462	(88,060)	(312,760)	(657,298)	(76,732)	(163,101)
Net fee and commission income	14,407,687	14,975,150	3,525,247	3,694,831	33,727,278	28,692,710	8,274,602	7,119,779

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25. CREDIT IMPAIRMENT LOSSES

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 June 2020 US\$	30 June 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 June 2020 KHR'000	30 June 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 June 2020 US\$	30 June 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>
<i>Expected Credit Loss (ECL):</i>								
Loans and advances	(991,087)	2,423,109	(242,497)	597,856	16,190,726	6,877,231	3,972,209	1,706,509
Deposits and placements with banks	162,824	68,633	39,839	16,934	940,842	73,721	230,825	18,293
	<u>(828,263)</u>	<u>2,491,742</u>	<u>(202,658)</u>	<u>614,790</u>	<u>17,131,568</u>	<u>6,950,952</u>	<u>4,203,034</u>	<u>1,724,802</u>

26. PERSONNEL EXPENSES

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 June 2020 US\$	30 June 2019 US\$ <i>(Reviewed but unaudited)</i>	30 June 2020 KHR'000	30 June 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 June 2020 US\$	30 June 2019 US\$ <i>(Reviewed but unaudited)</i>
Salaries and wage expenses	26,522,345	21,901,457	6,489,441	5,403,764	51,153,498	41,100,264	12,549,926	10,198,577
Other benefits	1,584,207	2,069,743	387,621	510,670	4,030,627	4,204,582	988,868	1,043,320
	<u>28,106,552</u>	<u>23,971,200</u>	<u>6,877,062</u>	<u>5,914,434</u>	<u>55,184,125</u>	<u>45,304,846</u>	<u>13,538,794</u>	<u>11,241,897</u>

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27. GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Insurance	1,669,580	1,042,868	408,510	257,308	3,152,028	1,860,760	773,314	461,727
Rental	1,302,437	876,076	318,678	216,155	2,437,604	1,587,288	598,038	393,868
Vehicle expenses	824,811	921,826	201,813	227,443	1,753,692	1,748,726	430,248	433,927
Professional fees	754,689	928,869	184,656	229,181	1,736,936	1,403,959	426,137	348,376
Office supplies and stationery	573,463	538,487	140,314	132,861	1,429,473	1,053,193	350,705	261,338
Utilities	437,893	384,241	107,143	94,804	823,832	756,759	202,118	187,781
Communication	407,792	382,777	99,778	94,443	821,716	743,987	201,599	184,612
Advertising	333,982	443,548	81,718	109,437	646,454	730,754	158,600	181,329
Security guard	319,816	288,991	78,252	71,303	631,994	572,887	155,053	142,156
Board of directors' expenses (Note 30 (e))	159,596	170,078	39,050	41,963	327,871	339,243	80,439	84,179
Repairs and maintenance	78,364	142,495	19,174	35,158	184,711	217,511	45,317	53,973
Charitable contributions	49,835	55,779	12,194	13,762	171,688	90,105	42,122	22,359
Others	2,236,310	2,617,424	547,176	645,799	5,174,185	5,076,186	1,269,427	1,259,600
	9,148,568	8,793,459	2,238,456	2,169,617	19,292,184	16,181,358	4,733,117	4,015,225

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28. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>
Current income tax	11,588,662	1,347,947	2,835,493	332,580	28,452,384	5,815,352	6,980,467	1,443,015
Deferred income tax	455,127	2,062,452	111,360	508,871	(7,781,372)	1,626,028	(1,909,071)	403,481
	<u>12,043,789</u>	<u>3,410,399</u>	<u>2,946,853</u>	<u>841,451</u>	<u>20,671,012</u>	<u>7,441,380</u>	<u>5,071,396</u>	<u>1,846,496</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>		<i>(Restated)</i> <i>(Reviewed but unaudited)</i>
Profit before income tax	59,811,773	36,658,193	14,634,639	9,044,706	106,406,351	78,580,090	26,105,582	19,498,781
Tax expenses at 20%	11,962,355	3,665,819	2,926,927	904,471	21,281,271	7,858,009	5,221,116	1,949,878
Tax effect of reconciling items:								
Expenses not deductible for tax purposes	47,624	32,887	11,653	8,114	150,285	118,437	36,871	29,389
Unrecognised previous deferred tax	33,810	(288,307)	8,273	(71,134)	(760,544)	(535,066)	(186,591)	(132,771)
Income tax expense	<u>12,043,789</u>	<u>3,410,399</u>	<u>2,946,853</u>	<u>841,451</u>	<u>20,671,012</u>	<u>7,441,380</u>	<u>5,071,396</u>	<u>1,846,496</u>

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28. INCOME TAX EXPENSE (continued)

Under the Cambodian tax regulations, the Company is subject to 20% Income Tax.

In accordance with the Sub-decree No. 01 of the Royal Government of Cambodia (“RGC”) dated on 4 January 2019, an entity who listed corporate bond on Cambodia Securities Exchange (“CSX”) is entitled up to 50% reduction on tax on profit (20%) for the period of three years.

The Company successfully listed its corporate bond on CSX on 26 April 2019. On 25 March 2020, the Company received an approval from the General Department of Taxation (“GDT”) on the tax on profit reduction of 50% for the year ended 2019. In the GDT’s letter also stated that the Company will entitle to reduction of tax on profit for the years ending 2020 and 2021 with the following conditions as per Prakas No. 183 MoEF Br.K dated 25 February 2020.

- Issue bond size is more than 20% of total assets, the reduction on tax on profit at 50%.
- Issue bond size is 20% or less than total assets, the reduction on tax on profit is based on a pro-rata basis but the tax incentive amount should not exceed KHR 80,000 million.

As at 30 June 2020, the Company’s bond issuance was approximately 2% of total assets and the tax reduction incentive was insignificant. The Company estimated income tax liabilities at 20% tax rate for the six-month period ended 30 June 2020. For the six-month period ended 30 June 2019, the Company income tax liabilities was restated at 10% as the Company received full tax reduction for the year ended 31 December 2019 (Note 32).

29. CASH FLOW FROM OPERATING ACTIVITIES

	Six-month period ended			
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	KHR'000	KHR'000	US\$	US\$
		<i>(Restated)</i>		<i>(Restated)</i>
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Profit before income tax	106,406,351	78,580,090	26,105,582	19,498,781
<i>Adjustments for:</i>				
Depreciation and amortisation charges	5,341,261	4,872,928	1,310,417	1,209,163
Credit impairment losses (Note 25)	17,131,568	6,950,952	4,203,034	1,724,802
Gain on disposals of property and equipment	(63,583)	(11,939)	(15,599)	(2,963)
Provision for employee benefits	2,974,176	(1,666,704)	729,680	(413,574)
Unrealised exchange losses	(369,703)	943,275	(90,702)	234,063
Net interest income (Note 23)	(168,083,459)	(119,955,073)	(41,237,355)	(29,765,526)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(30,155,791)	(37,663,429)	(7,398,379)	(9,345,764)
Loans and advances	(145,594,220)	(580,978,261)	(35,719,877)	(144,163,340)
Other assets	443,289	1,277,362	108,756	316,963
Deposits from customers	468,422,774	477,111,983	114,922,172	118,390,070
Other liabilities	(10,302,166)	(10,389,061)	(2,527,519)	(2,577,931)
Cash generated from/(used in) operations	<u>246,150,497</u>	<u>(180,927,877)</u>	<u>60,390,210</u>	<u>(44,895,256)</u>

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30. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the period end and relating expenses and income for the period are as follows:

(a) Related parties and relationship

The related parties of and their relationship with the Company are as follows:

Relationship	Related party
Shareholders	LOLC Private Limited TPC-ESOP Co., Ltd.
Related company	Entity under the same parent company
Key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and management staff (including their close family members)

(b) Loans and advances to shareholders

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$				
Loans to shareholders	<u>130,760</u>	<u>142,654</u>	<u>32,080</u>	<u>35,007</u>				
Interest receivable	<u>40</u>	<u>174</u>	<u>10</u>	<u>43</u>				
	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Interest income	<u>10,134</u>	<u>4,073</u>	<u>2,480</u>	<u>1,005</u>	<u>20,241</u>	<u>8,120</u>	<u>4,966</u>	<u>2,015</u>

Loans and advances to shareholders are unsecured and having interest rate of 11% to 12% per annum.

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30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Loans and advances to key management personnel

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$				
Loans to key management personnel	1,406,435	113,237	343,620	27,788				
Interest receivable	654	151	160	37				
	Three-month period ended		Six-month period ended					
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Interest income	108,316	4,073	26,503	1,005	196,537	8,120	48,218	2,015

Loans and advances to key management personnel are secured and having interest rate of 9.65% to 18% per annum.

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30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(d) Deposits from related parties

	30 June 2020 KHR'000	31 December 2019 KHR'000	30 June 2020 US\$	31 December 2019 US\$
Shareholders	169,198	153,053	41,338	37,559
Board of directors	605,274	687,448	147,880	168,699
Key management personnel	5,493,647	2,045,000	1,342,205	501,840
Related company	14,824	1,599,874	3,622	392,607
	<u>6,282,943</u>	<u>4,485,375</u>	<u>1,535,045</u>	<u>1,100,705</u>
Interest payable	<u>60,825</u>	<u>35,103</u>	<u>14,861</u>	<u>6,485</u>

	Three-month period ended				Six-month period ended			
	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 KHR'000	30 June 2019 KHR'000	30 June 2020 US\$	30 June 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Interest expense	<u>136,649</u>	<u>9,897</u>	<u>33,434</u>	<u>2,442</u>	<u>198,761</u>	<u>63,919</u>	<u>48,764</u>	<u>15,861</u>

Annual interest rates during the period are as follows:

	30 June 2020	31 December 2019
Shareholders	5.00%	5.00%
Board of directors	5.00% – 8.75%	5.00% – 8.75%
Key management personnel	5.00% – 9.25%	5.00% – 9.25%
Related company	5.00%	5.00%

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30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(e) Key management compensation

	Six-month period ended			
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	KHR'000	KHR'000	US\$	US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Directors' fees	327,871	339,243	80,439	84,179
Salaries and other benefits to key management	3,905,205	2,133,589	958,097	529,427
	<u>4,233,076</u>	<u>2,472,832</u>	<u>1,038,536</u>	<u>613,606</u>

31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual audited financial statements.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Company's financial assets measured and recognised at fair value at 30 June 2020 and 31 December 2019 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	KHR'000	KHR'000	KHR'000	KHR'000
As at 30 June 2020				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,395	61,395
Total financial assets	<u>-</u>	<u>-</u>	<u>61,395</u>	<u>61,395</u>
<i>In US\$ equivalent</i>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
As at 31 December 2019				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,125	61,125
Total financial assets	<u>-</u>	<u>-</u>	<u>61,125</u>	<u>61,125</u>
<i>In US\$ equivalent</i>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>

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31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value hierarchy (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Fair value measurements using significant unobservable inputs (level 3)

The unlisted equity securities are the investment in Credit Bureau Cambodia (“CBC”) to be measured at fair value through other comprehensive income as they are not held for trading and the Company has irrevocably elected at initial recognition to recognise as the financial assets at FVOCI. These are the strategic investments and the Company considers this classification to be more relevant.

The fair value of FVOCI have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

There is no gain/loss recognised in other comprehensive income due to fair value approximate the carrying amount. There is no loss allowance for this FVOCI at 30 June 2020.

(c) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Company approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

(i) Deposits and placements with the central bank and banks

The carrying amounts of deposits and placements with the central bank and banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

(ii) Loans and advances to customers

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers might approximate to their carrying value as reporting date.

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31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(c) Financial instruments not measured at fair value (continued)

(iii) Deposits from customers

The fair value of deposits from customers with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair value of deposits from customers with remaining maturities of one year or more are expected to approximate their carrying amount due to the Company offered similar interest rate of the instrument with similar maturities and terms.

(iv) Lease liabilities

The estimated fair value of lease liabilities with maturities of less than one year approximate the carrying values. For other lease liabilities with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

(v) Other financial assets and other financial liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(vi) Borrowings and subordinated debts

Borrowings and subordinated debts issued are not quoted in active market and their fair value approximate their carrying amount.

(vii) Debt securities

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of statement of financial position. They are not presently traded. The estimated fair values of debt securities are approximate their carrying values based on estimated future cash flows using prevailing market rates.

32. ADJUSTMENT OF PRIOR PERIOD BALANCES

Certain comparative figures have been restated to correct accounting treatment. Details of the adjustments and restatements are as follows.

1. Loans and advances

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

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32. ADJUSTMENT OF PRIOR PERIOD BALANCES (continued)

1. Loans and advances (continued)

The accumulated regulatory provision was higher than accumulated impairment based on CIFRS 9, the topping up is correctly recorded as regulatory reserves presented under equity as at 30 June 2019. However, the Company recognised impairment loss allowances based on regulatory provision instead of impairment based on CIFRS 9 for the three-month and six-month period ended 30 June 2019 which overstated the loans and advances. As a result, the Company restated credit impairment expenses on loans and advances of KHR 2,139,767 thousand and KHR 2,575,807 thousand for the three-month and six-month periods ended 30 June 2020.

2. Income tax

Refer to Note 28, the Company is entitled to 50% reduction on tax on profit (20%) for the year ended 31 December 2019. For the three-month and six-month period ended 30 June 2019, the Company's income tax liabilities were reported at 20% tax rate instead of 10% tax rate. Therefore, the reported income tax liabilities and income tax expense for the three-month and six-month period ended 30 June 2019 are overstated by the impact of 50% reduction on tax on profit and income tax from prior period adjustment on loans and advances. The Company made an adjustment for restatement of its income tax liabilities and income tax expense of KHR 5,339,927 thousand and KHR 9,438,593 thousand for the three-month and six-month periods ended 30 June 2019.

	30 June 2019 KHR'000 <i>(Previously reported)</i>	Adjustment KHR'000	30 June 2019 KHR'000 <i>(Restated)</i>	30 June 2019 US\$ <i>(Restated)</i>
Condensed interim statement of financial position (extract)				
Loans and advances at amortised cost	2,481,706,377	10,960,577	2,492,666,954	613,051,391
Total assets	3,236,871,691	10,960,577	3,247,832,268	798,778,228
Current income tax liabilities	15,279,489	(9,438,592)	5,840,897	1,436,522
Total liabilities	2,838,348,221	(9,438,592)	2,828,909,629	695,747,574
Retained earnings	114,660,777	20,399,169	135,059,946	33,530,959
Total equity	398,523,470	20,399,169	418,922,639	103,030,654
Total equity and liabilities	3,236,871,691	10,960,577	3,247,832,268	798,778,228

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32. ADJUSTMENT OF PRIOR PERIOD BALANCES (continued)

	Three-month period ended			
	30 June 2019 KHR'000	Adjustment KHR'000	30 June 2019 KHR'000	30 June 2019 US\$
	<i>(Previously reported)</i>		<i>(Restated)</i>	<i>(Restated)</i>
Condensed interim statement of profit or loss and other comprehensive income (extract)				
Credit impairment losses	(4,631,509)	2,139,767	(2,491,742)	(614,790)
Net other operating income	(2,537,079)	2,139,767	(397,312)	(98,029)
Profit before income tax	34,518,426	2,139,767	36,658,193	9,044,706
Income tax expense	(8,750,326)	5,339,927	(3,410,399)	(841,451)
Profit for the period	25,768,100	7,479,694	33,247,794	8,203,255
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>				
Currency translation differences	-	-	-	(1,161,242)
Other comprehensive income for the period, net of tax	25,768,100	7,479,694	33,247,794	7,042,013
Total comprehensive income for the period				
Profit attributable to:				
Owners of the Company	25,768,100	7,479,694	33,247,794	8,203,255
Total comprehensive income attributable to:				
Owners of the Company	25,768,100	7,479,694	33,247,794	7,042,013

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32. ADJUSTMENT OF PRIOR PERIOD BALANCES (continued)

	Six-month period ended			
	30 June 2019 KHR'000	Adjustment KHR'000	30 June 2019 KHR'000	30 June 2019 US\$
	<i>(Previously reported)</i>		<i>(Restated)</i>	<i>(Restated)</i>
Condensed interim statement of profit or loss and other comprehensive income (extract)				
Credit impairment losses	(9,526,759)	2,575,807	(6,950,952)	(1,724,802)
Net other operating income	(6,284,368)	2,575,807	(3,708,561)	(920,239)
Profit before income tax	76,004,283	2,575,807	78,580,090	19,498,780
Income tax expense	(16,879,973)	9,438,593	(7,441,380)	(1,846,496)
Profit for the period	<u>59,124,310</u>	<u>12,014,400</u>	<u>71,138,710</u>	<u>17,652,284</u>
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>				
Currency translation differences	-	-	-	(1,162,070)
Other comprehensive income for the period, net of tax	<u>59,124,310</u>	<u>12,014,400</u>	<u>71,138,710</u>	<u>16,490,214</u>
Total comprehensive income for the period				
Profit attributable to:				
Owners of the Company	<u>59,124,310</u>	<u>12,014,400</u>	<u>71,138,710</u>	<u>17,652,284</u>
Total comprehensive income attributable to:				
Owners of the Company	<u><u>59,124,310</u></u>	<u><u>12,014,400</u></u>	<u><u>71,138,710</u></u>	<u><u>16,490,214</u></u>